

## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-03 INR-10 NSAE-00 ICA-11 XMB-02 OPIC-03 SP-02  
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01  
L-03 H-01 PA-01 AGR-01 NEA-10 IO-13 /118 W  
-----129122 081438Z /45

R 081014Z AUG 78 ZDK  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 9762

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USADB

FOR NAC AGENCIES

EO 11652:NA  
TAGS: EAID, EFIN, ADB, VM  
SUBJECT: PROPOSED REACTIVATION OF ADB LOAN FOR GO CONG  
PIONEER AGRICULTURAL PROJECT (VIETNAM)

REF: MANILA 13622

SUMMARY: THE PROJECT WAS SELECTED AS A REPRESENTATIVE OF  
THE EASTERN COASTAL REGION OF THE MEKONG DELTA IN ORDER  
TO EVALUATE SOLUTIONS FOR COMMON PROBLEMS OF THIS REGION,  
PARTICULARLY THOSE RELATED TO THE SEASONAL SHORTAGES OF  
IRRIGATION WATER, SLUGGISH DRAINAGE, RECURRENT TIDAL  
FLOODING AND SALINITY INTRUSION. EXPERIENCE TO BE GAINED  
IN PROJECT IMPLEMENTATION IS EXPECTED TO BENEFIT THE  
SUBSEQUENT DEVELOPMENT OF THE OVERALL GO CONG SCHEME AND  
ADJACENT DENSELY POPULATED COASTAL AREAS. THE PROJECT  
PROVIDED FOR AN INTEGRATED SYSTEM OF IRRIGATION, DRAINAGE,  
FLOOD AND SALINITY CONTROL FOR 6,300 HA IN THE FORMER GO  
CONG PROVINCE AND DINH TUONG PROVINCE. THE MAJOR PROJECT  
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WORKS INCLUDED: (I) CONSTRUCTION OF AN INTAKE STRUCTURE  
ON THE MY THO RIVER AND FEEDER CANAL; (II) ENLARGEMENT OF  
THE EXISTING PUMPING STATION; (III) ENLARGEMENT OF THE  
EXISTING MAIN CANAL AND CONSTRUCTION OF A NEW IRRIGATION  
NETWORK; (IV) CONSTRUCTION OF A DIKE AND MAJOR SLUICES;  
(V) CONSTRUCTION OF A NEW DRAINAGE NETWORK AND IMPROVEMENT  
OF EXISTING MAJOR DRAINS; (VI) IMPROVEMENT OF THE ACCESS

ROAD SYSTEM; (VII) STRENGTHENING OF AGRICULTURAL SERVICES AND IMPROVEMENT OF LOCAL FARMERS' ORGANIZATION; (VIII) PROVISION OF CONSTRUCTION MATERIALS AND VARIOUS OPERATION, MAINTENANCE AND AGRICULTURAL SERVICE EQUIPMENT AND (IX) PROVISION OF FOREIGN CONSULTING SERVICES. ACCORDING TO BANK DOCUMENT THERE ARE NO PLANS TO ESTABLISH NEW ECONOMIC ZONES OR STATE FARMS IN THE PROJECT AREA. BANK CONSIDERS PROJECT TECHNICALLY AND ECONOMICALLY FEASIBLE. END SUMMARY.

1. ADB DOC R70-78 WITH ATTACHMENTS POUCHED ADDRESSEES AUGUST 4. PROPOSED REACTIVATION SCHEDULED FOR BOARD CONSIDERATION ON AUGUST 24.

2. THE LOAN FOR THE PROJECT BECAME EFFECTIVE ON 8 MAY 1974. THE CONSULTANTS, THE AGRICULTURAL DEVELOPMENT CORPORATION (ADC) OF THE REPUBLIC OF KOREA, COMMENCED WORK IN AUGUST 1974. BY APRIL 1975, AT THE TIME OF SUSPENSION OF THE LOAN, THE CONSULTANTS HAD ALMOST COMPLETED THE DETAILED DESIGNS FOR THE MAJOR WORKS SUCH AS INTAKE, FEEDER CANAL, PUMPING STATION, DIKES, AND MOST OF THE IRRIGATION AND DRAINAGE CANALS. PREPARATION OF TENDER DOCUMENTS FOR INTERNATIONAL PROCUREMENT HAD ALSO BEEN COMPLETED, BUT WERE NOT SUBMITTED TO THE BANK. NO CIVIL WORKS HAD BEEN STARTED AT THE TIME OF SUSPENSION. THE ADB MISSION FOUND THAT NO DETAILED DESIGNS AND TENDER DOCUMENTS WERE AVAILABLE AT THE PROVINCIAL IRRIGATION OFFICE. LIMITED OFFICIAL USE

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3. FROM APRIL 1975 TO JUNE 1978, A CONSIDERABLE PART OF THE CONSTRUCTION WORKS FOR THE PROJECT WAS COMPLETED BY THE PROVINCIAL IRRIGATION OFFICE, USING LABOR-INTENSIVE METHODS AND THE LIMITED EQUIPMENT AVAILABLE. THE COMPLETED WORKS INCLUDE THE FOLLOWING: (I) IMPROVEMENT OF INTAKE AND ABOUT 8.5 KM. OF FEEDER CANAL; (II) CONSTRUCTION OF A NEW PUMPING STATION WITH EIGHT LOCALLY MANUFACTURED PUMPING UNITS; (III) CONSTRUCTION OF ABOUT 20 KM. OF EXISTING MAIN CANAL AND ABOUT 56 KM. OF LATERAL IRRIGATION CANALS AND ABOUT 30 KM. OF DRAINAGE CANALS; AND (IV) CONSTRUCTION OF FIVE SLUICES. IN TERMS OF WORK VOLUMES, THE GOVERNMENT HAS CARRIED OUT EARTH EXCAVATION (61 PERCENT), EARTH FILL (38 PERCENT) CONCRETE WORKS (38 PERCENT), AND SLOPE PROTECTION (13 PERCENT); THE WEIGHTED AVERAGE OF THE COMPLETED WORKS IS 43 PERCENT.

4. THE REVISED TOTAL COST OF THE GO CONG PROJECT IS ESTIMATED AT DOLS 11.00 MILLION, OF WHICH THE FOREIGN EXCHANGE COMPONENT IS DOLS 2.10 MILLION WHICH IS THE SAME AMOUNT AS IN THE ORIGINAL LOAN. THE REVISED ESTIMATES TAKE INTO ACCOUNT THE WORK DONE, THE COST INCURRED BY THE GOVERNMENT DURING APRIL 1975 TO JUNE 1978, AND THE REMAINING WORKS TO BE COMPLETED UNDER THE PROJECT.

5. THE PROJECT IS AIMED AT BRINGING ABOUT MORE INTENSIVE AND PRODUCTIVE USE OF LAND AND WATER RESOURCES IN THE AREA. UNDER THE PROJECT, 6,300 HA. OF UNIRRIGATED AREA WILL BE PROVIDED WITH FACILITIES FOR DRAINAGE AND IRRIGATION. WITH THESE IMPROVEMENTS, THE CROPPING INTENSITY WILL RISE TO 200 PERCENT, COMPARED WITH 120 PERCENT WITHOUT THE PROJECT. WITH THESE FACILITIES, TOGETHER WITH IMPROVED METHODS OF RICE CULTURE, THE YIELDS ARE EXPECTED TO RISE TO 3.75 TONS PER HA., COMPARED WITH 3.9 TONS PER HA. AS ORIGINALLY PROJECTED, AND 2.7 TONS PER HA. WITHOUT THE PROJECT. THE PROJECT COST OVERRUN IS 50 PERCENT,

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
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R 081014Z AUG 78 ZDK  
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COMPARED WITH ABOUT 200 PERCENT INCREASE IN RICE PRICE. CONSTRUCTION PERIOD AND GESTATION PERIOD HAVE BEEN SHORTENED. AS A RESULT, THE EIRR WORKS OUT TO 27 PERCENT COMPARED WITH 13.4 PERCENT AT THE TIME OF THE ORIGINAL APPRAISAL.

6. FOR BACKGROUND, PROCUREMENT AND EXECUTING AGENCY INFORMATION PLEASE SEE PARAS 8 THROUGH 16, REFTEL.  
EDMOND

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## Message Attributes

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**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014